



**FILED**

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of YLC PARTNERS, INC. for a Certificate of Public Convenience and Necessity in Order to Provide Resold and Limited Facility Based Competitive Local Exchange and Interexchange Service in the State of California.

Application 16-05-008  
(Filed May 3, 2016)

**ADMINISTRATIVE LAW JUDGE'S RULING REQUIRING YLC PARTNERS, INC. TO FILE ADDITIONAL INFORMATION WITHIN 20 DAYS.**

**Summary**

This Administrative Law Judge's ruling (Ruling) directs YLC Partners, Inc. (YLC Partners) to provide additional information to the Commission within 20 days of date of this ruling in support of its application for a Certificate of Public Convenience and Necessity (CPCN) to provide Resold and Limited Facilities-based Competitive Local Exchange and Interexchange Service in the State of California.

**1. Background**

On May 3, 2016, YLC Partners filed Application (A.) 16-05-008 (application) with the California Public Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) in order to provide Resold and Limited Facilities-based Competitive Local Exchange telecommunication service in the service territories of Pacific Bell Telephone Company d/b/a AT&T California (AT&T); Citizens Telecommunications

Company of California, Inc. d/b/a Frontier Communications of California (Frontier);<sup>1</sup> SureWest Telephone (SureWest);<sup>2</sup> and Siskiyou Telecom (Siskiyou),<sup>3</sup> and Interexchange Service in the State of California pursuant to Public Utilities Code Section 1001.<sup>4</sup>

## **2. Requirements for Certificate of Public Convenience and Necessity**

Review of YLC Partners, Inc.'s application for CPCN reveals that additional information is required. Accordingly, within 20 days of receipt of this ruling, YLC Partners is directed to submit supplemental information to address each request listed below in this ruling.

### **A. Request for Clarifications**

1. In its application, YLC Partners indicated that it its "sister company, Aerio Connect, Inc. ... will be funding YLC's initial operation," and YLC Partners' application included financial information from Aerio Connect, Inc. (Aerio). The Commission requires additional information regarding the funding arrangement. Accordingly, within 20 days of the date of this ruling, the Commission requests that YLC Partners provide the following:

- a) A description of the nature of the relationship between Aerio and YLC Partners.

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<sup>1</sup> Including the complete local exchange market of Verizon California Inc. (Verizon) recently acquired by Frontier.

<sup>2</sup> SureWest was formerly known as Roseville Telephone Company.

<sup>3</sup> While YLC Partners' application identified Siskiyou's territory as one of the incumbent local exchange carriers on whose territories YLC Partners intends to provide local exchange telecommunications service, the Commission may not permit YLC Partners to provide local exchange telecommunications service in those territories where local competition has been not been authorized by the Commission. Based on current Commission decisions, local competition has been authorized in the service territories of: (1) AT&T, Frontier (including prior Verizon's territory); (2) Consolidated; and (3) SureWest. YLC Partners cited no authority showing that local competition has been authorized by the Commission in Siskiyou's territory.

<sup>4</sup> All Statutory references are to the Public Utilities Code unless otherwise indicated.

- b) Additional information regarding the nature and/or description of the proposed financial arrangement between YLC Partners and Aerio, including:
  - i. Whether Aerio would give or loan YLC Partners the \$100,000 cash or cash equivalent that YLC Partners would need to meet its start-up expenses, plus additional resources to cover all deposits that may be required by local exchange carriers and/or interexchange carriers in order to provide proposed services;<sup>5</sup>
  - ii. Whether Aerio is, or will be an owner of YLC Partners due to the proposed financial arrangement between YLC Partners and Aerio; and
  - iii. Whether Aerio would manage or control YLC Partners as YLC Partners' financier?
- c) Whether YLC Partners is prepared to obtain a performance bond of at least \$25,000 in accordance with D.13-05-035, and who will pay for such bond?

## **B. Background Checks**

In order to fully evaluate an application for CPCN, the Commission conducts background checks of applicants, their officers, directors, and owners of ten percent or more of all outstanding shares, in order to protect consumers. To facilitate the Commission's ability to do a thorough background check, YLC Partners is directed within 20 days of receipt of this ruling to provide the Administrative Law Judge (ALJ) with the full

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<sup>5</sup> The financial requirement for Competitive Local Exchange Carriers (CLEC) is contained in D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIECs) is contained in D.91-10-041. Also, *see* Rule 2.3.

The requirement for Competitive Local Carrier (CLC) applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying Local Exchange Carriers (LEC) and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

name, date of birth and Social Security number for the following owner and/or officers of YLC Partners:

- a) Wayne Chen, Chief Executive Officer;
- b) Paul Yoes, Chief Technology Officer;
- c) Each owner of 10 percent or more of all outstanding shares of YLC Partners.

For privacy, the information requested herein (in item B) may be provided directly to the assigned ALJ via a telephone conference.

Therefore, **IT IS RULED** that:

1. YLC Partners, Inc. shall file and serve, no later than 20 days of the date of this ruling, a prepared response or documentation to address each of the issues raised in this ruling in Item 2A. Service shall be made in accordance with Commission's Rules of Practice and Procedure,<sup>6</sup> with one hard copy of all documents provided directly to the Administrative Law Judge.

2. No later than 20 days of the date of this ruling, YLC Partners, Inc. shall provide the background information requested in Item 2B directly to the Administrative Law Judge (ALJ). For privacy, the information requested herein may be provided to the ALJ via a telephone conference.

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<sup>6</sup> See Rule 1.9.

3. Failure to respond to the Administrative Law Judge within 20 days after the date of this ruling may result in the dismissal of this application without prejudice.

Dated June 17, 2016, at San Francisco, California.

/s/ ADENIYI A. AYOADE

Adeniyi A. Ayoade  
Administrative Law Judge